Responses to Planning Commission Questions November 10, 2010

1. Where is the evidence that residential uses in Mixed-Use Office Centers will catalyze economic development in the Route 28 Corridor?

Previous efforts related to Route 28 Corridor research and analyses have explored the relationship between residential and non-residential development in the corridor. The August 27, 2009 Route 28 Market Analysis conducted by Fulton Research, Inc. recommended that the Route 28 corridor be planned and designed to reflect changing market conditions in order to maximize its economic and job growth potential, including settings that offer to Class A office tenants and residents pedestrian-oriented, mixed-use settings that provide a variety of residential, retail, restaurant, hotel and cultural uses along with public spaces and recreational amenities. The market study also recommended that mixed-use office settings be accommodated in strategic nodes throughout the corridor to meet this growing demand. The study summarized this market evolution as follows:

"Office configurations are always evolving. Today, office buildings and settings are in the midst of a significant change that has been taking place for almost a decade. A high quality office building is no longer enough to satisfy the needs of the discerning tenant. Instead, tenants are looking for a high quality building in a premium setting. In general, the most desirable settings are mixed-use environments with residential, retail, restaurants, public spaces, hotel and cultural uses. These involve multi-story buildings that are set close to each other with street-level retail and restaurants and organized around a central feature or gathering place such as a fountain or shaded plaza. This vision can be carried out at various scales. In some cases, office buildings can be integrated into a mixed-use setting like the one described above but in other cases office buildings can be clustered together and placed in close proximity to other uses" (Route 28 Market Analysis, pg. 19).

The March 16, 2010 Economic Development discussion paper (prepared for the stakeholder workshops) also examined whether mixed-use developments could lead to higher value and more intense uses in the corridor. The discussion paper found that the synergy and appeal of a quality mixed-use development could increase office and retail prices, rents, occupancy rates, and assessed values (leading to greater tax revenues for the County) as well as accelerate absorption rates for the following reasons: (1) Each use can generate revenue and be an amenity for the other uses on the site; (2) Retail tenants may be willing to pay higher rents because of the increased customer traffic generated by the compatible and complementary uses; (3) Office users, residents and hotel guests may, in turn, be attracted to the area by the convenient location of dining, retail and entertainment venues on the site as well as by its vibrant sense of place; and (4) Mixed-use developments can develop at higher intensities than comparable non-residential developments.

Both the market study and the discussion paper, however, cautioned that allowing residential development would remove commercially developable land within the Route 28 Tax District. Another concern was raised that the potential revenues to the County from increased commercial development could be offset by the costs associated with residential development, although these potentially negative impacts on the County could be mitigated if such mixed-use developments lead to greater overall commercial development than would otherwise be achieved. It was also noted that there may be a limit to the number of mixed-use developments that rely on higher-end and more specialized retail uses (town centers, lifestyle centers, etc.) that can be achieved on the corridor.

2. What amount of nonresidential development is necessary to result in a net positive impact to the County, when additional residential development is introduced in the corridor?

Available data does not support a clear determination of the amount of nonresidential development needed to support a given amount of residential development. The County does not have experience with similar, already developed mixed use centers, so it does not have empirical evidence for the inputs needed for a calculation, such as the likely real property valuations, and typical amounts and timing/phasing of uses, nor the demographic characteristics of the residential components. For the proposed changes to have a more fiscally positive outcome than current planned land use, changes would need to result in an absolute increase in the amount of commercial development that would occur in the corridor, as compared to that possible under current plan policies. While residential development continues to use more financial resources than it produces, a limited, modest amount of residential development should not materially impact the County's fiscal balance, as long as such development would be subject to strict parameters such as a limiting the acreage devoted to residential uses, a strong phasing policy linking the development of commercial and residential uses, and restricting residential development to high-rise multi-family type units.

3. During Stakeholder outreach activities, how many stakeholders with existing developments were looking to add additional Commercial Retail and Services? Would the County allow these additional uses to be added retroactively?

During the Route 28 Business Outreach Project, a series of interviews were conducted from mid-March to mid-April with 43 Stakeholders in the Corridor that included commercial property owners and developers representing almost 40% of the land area in the corridor. Overall, stakeholders stated they were concerned that the Keynote Employment land use designation, which includes office and research development parks with limited employment supportive retail and services, does not allow for the kind of amenities necessary to recruit national and international businesses to the County. Many noted that the amount of retail and services allowed under Keynote Employment was too low to create a critical mass of amenities for their employees. Stakeholders suggested a vision for the corridor that included higher-quality retail adjacent to the highly-visible Route 28, mixed-use development nodes, and clusters of higher-intensity, pedestrian-oriented business nodes located along Route 28 and the parallel roads.

The interviews did not determine how many commercial property owners and developers would seek these opportunities. However, these stakeholders would not have the opportunity to seek these uses retroactively. Property owners could choose to rezone or opt into the new ordinance.

4. Who is on the Fiscal Impact Committee?

Listed below are the members of the Loudoun County Fiscal Impact Committee:

Jim Burton, Loudoun County Board of Supervisors
Sam Adamo, Ph.D., Loudoun County Public Schools
Steve DeLong
Leonard S. "Hobie" Mitchel
Edward Gorski
Michael Capretti
Charles E. Schonder, III
Jack Winters

Staff specifically dedicated as support to the committee include Leslie Hansbarger, County Administration; Benjamin W. Mays, Department of Management and Financial Services; Jill Allmon, Department of Management and Financial Services; Beth Hilkemeyer, Department of Management and Financial Services; and Jack Brown, Department of Management and Financial Services.

5. Can a summary be provided of the amount of new construction in the Route 28 Tax District (comparing the Loudoun County and Fairfax County portions of the Tax District) since the adoption of the Revised General Plan?

This information is not readily available and additional time would be required to compile the information for Loudoun County and request the information from Fairfax County. Recent new construction, given the economic downturn, would be low. However, assessed value trends were included in an issue paper Route 28 CPAM Discussion Paper titled, "Potential Fiscal Impacts to the Route 28 Tax District", March 16, 2010. The Discussion Paper included a history of assessed values and revenues for Fairfax and Loudoun Counties. The paper noted that the total assessed value of commercial and industrial properties within Loudoun County's portion of the Route 28 Tax District has grown significantly since its inception in 1987 and as reported for January 1, 2010, the assessed values of properties in Loudoun County exceeded those in Fairfax County for the first time since the inception of the district. However, the pattern of development in Fairfax County's portion of the Tax District is very different than Loudoun County's. In Loudoun County's portion, the typical development density is 0.24 FAR with the predominant development pattern consisting of light industrial parks with buildings generally in the 1 to 3 story range. However, development within the Fairfax County portion of the Route 28 Tax District is developing at an approximately 0.50 FAR and buildings are typically 5 to 6

stories, with a maximum of 10 stories and mixed-use densities have generally been approved for an approximately 1.0 FAR.

Table 1. Route 28 Tax District Current Bonds, 1988 - 2010

	ASSESSED VALUE (\$)			DISTRICT TAX REVENUE (\$)			ANNUAL DEBT SERVICE (\$)			EXCESS
	Loudoun	Fairfax	Total	Loudoun	Fairfax	Total	CTB Debt Service	Fairfax EDA Debt Service	Total Debt Service	REVENUE (DEFICIT)
1988	1,068,000,000	1,339,000,000	2,407,000,000	0	0	0	0	0	0	
1989	1,564,000,000	1,842,000,000	3,406,000,000	2,102,000	2,630,000	4,732,000	4,289,430	0	4,289,430	442,570
1990	1,665,000,000	2,122,000,000	3,787,000,000	2,970,000	3,598,000	6,568,000	12,058,860	0	12,058,860	(5,490,860)
1991	1,506,000,000	2,055,000,000	3,561,000,000	2,986,000	3,913,000	6,899,000	12,062,020	0	12,062,020	(5,163,020)
1992	1,188,000,000	1,701,000,000	2,889,000,000	3,781,000	3,883,000	7,664,000	12,060,920	0	12,060,920	(4,396,920)
1993	926,000,000	1,490,000,000	2,416,000,000	2,228,000	3,260,000	5,488,000	8,804,183	0	8,804,183	(3,316,183)
1994	726,000,000	1,337,000,000	2,063,000,000	2,018,000	3,466,000	5,484,000	8,805,433	0	8,805,433	(3,321,433)
1995	742,000,000	1,176,000,000	1,918,000,000	2,661,000	3,216,000	5,877,000	8,801,683	0	8,801,683	(2,924,683)
1996	783,000,000	1,196,000,000	1,979,000,000	1,770,000	2,506,000	4,276,000	8,802,933	0	8,802,933	(4,526,933)
1997	852,000,000	1,349,000,000	2,201,000,000	1,630,000	2,220,000	3,850,000	8,641,398	0	8,641,398	(4,791,398)
1998	1,005,000,000	1,626,000,000	2,631,000,000	1,892,000	2,976,000	4,868,000	8,805,398	0	8,805,398	(3,937,398)
1999	1,507,000,000	2,191,000,000	3,698,000,000	2,473,000	3,236,000	5,709,000	8,803,778	0	8,803,778	(3,094,778)
2000	1,791,000,000	2,713,000,000	4,504,000,000	3,220,000	4,331,000	7,551,000	8,804,538	0	8,804,538	(1,253,538)
2001	2,358,000,000	3,135,000,000	5,493,000,000	4,274,000	5,564,000	9,838,000	8,802,676	0	8,802,676	1,035,324
2002	2,839,000,000	3,053,000,000	5,892,000,000	5,157,000	6,141,000	11,298,000	8,805,126	0	8,805,126	2,492,874
2003	2,860,000,000	2,891,000,000	5,751,000,000	5,741,000	7,112,000	12,853,000	4,656,294	0	4,656,294	8,196,706
2004	3,018,000,000	3,185,000,000	6,203,000,000	5,719,000	5,782,000	11,501,000	7,523,176	3,127,943	10,651,119	849,881
2005	3,164,000,000	3,756,000,000	6,920,000,000	5,956,000	6,909,000	12,865,000	7,531,145	3,676,137	11,207,282	1,657,718
2006	3,936,000,000	4,770,000,000	8,706,000,000	7,465,000	7,527,000	14,992,000	7,528,145	4,169,445	11,697,590	3,294,410
2007	4,212,000,000	5,771,000,000	9,983,000,000	8,717,000	10,400,000	19,117,000	7,529,845	4,169,445	11,699,290	7,417,710
2008	5,249,000,000	6,743,000,000	11,992,000,000	10,303,000	12,546,000	22,849,000	7,524,883	6,034,672	13,559,555	9,289,445
2009	5,411,000,000	6,535,000,000	11,946,000,000	10,428,000	13,339,000	23,767,000	7,530,713	7,582,839	15,113,551	8,653,449
2010*	4,985,000,000	4,774,000,000	9,759,000,000	9,183,000	11,703,000	20,886,000	7,528,150	8,679,995	16,208,145	4,677,855

Source: Loudoun County Department of Management & Financial Services, March 2010

6. How many hotels are located within a six mile radius of the airport. Identify how many of the hotels are full service. Include those approved/proposed, but not built. Provide the amount of BOPL taxes collected from hotels.

According to the Office of the Assessor and GIS records, there are 23 existing hotels within a 6 mile radius of Washington Dulles International Airport. Of those 23, only one comes the closest to a destination, full service hotel as defined in the draft Route 28 Corridor Plan. The Holiday Inn Hotel – Washington Dulles International Airport contains approximately 17,000 square foot of meeting space and a sit down restaurant. Two other destination, full service hotels are

^{*2010} data is estimated pending final audited figures.

located in the County, although outside of the 6 mile radius. These include the National Conference Center (265,000 square feet of meeting space, 1 restaurant and 2 lounges) and the Lansdowne Resort (45,000 square feet of meeting space, 3 restaurants and 2 lounges).

There are also several hotels proposed/approved in Loudoun within the radius as shown in the table below:

	#						
Approved Developments	Approved	Built	Description				
			Conditioned to have restaurant and				
Dulles 28 Center	2	1	meeting space				
			Conditioned to have restaurant and				
Paragon Park	1	0	meeting space				
	Not						
Loudoun Station	Specified	0	Hotels can be built as part of Land Use Mix				
	Not						
Moorefield	Specified	0	Hotels can be built as part of Land Use Mix				
			No conditions about restaurant and				
Broadlands South	1	0	meeting space				
Kincora	2	0	One conditioned to be full service.				
Sheraton/ Route 50	1	Constructing	By-right Hotel				
Proposed Development	Proposed						
Dulles World	1		Proposed to be full service.				

Within the 6-mile radius, there are also approximately 9 hotels located in Fairfax County along the Dulles Toll Road, and 2 hotels located on Route 28 in Fairfax County south of the airport. Several of the hotels offer restaurants and small meeting spaces, but would not be considered destination, full service hotel as defined in the draft Route 28 Corridor Plan.

7. Where are we with respect to the Retail Study? How close are we to "not needing much more"?

Loudoun County has not conducted a Retail Study specific to the Route 28 Corridor. However, a Route 7 Retail Market Analysis prepared by AKRF was completed in 2006. The scope of the analysis included a study area encompassing the area located south of the Potomac River, east of the Town of Leesburg, west of the Fairfax County line and north of the Dulles Greenway. The study indicated that retail absorption was strong in Loudoun County due to rapid population growth and high income levels. However, the study noted that the maturation and stabilization of the population over time would likely affect the retail sector, demanding more focus on market segmentation and differentiation of product type and mix. The study also indicated that the area lacks many of the typical upscale retail stores sought by affluent customers. Thus, despite what the study described as the generally high level of retail saturation in the study

area, customers were traveling outside the study area to buy products at such upscale stores, and consumer dollars were flowing to other parts of Virginia and Maryland.

8. Of the 8,000 acres of the land in the corridor, how much in undeveloped? Is the 3,000 acres undeveloped or underdeveloped?

The Route 28 Corridor is comprised of approximately 8,325 acres. Approximately 39% of the district, or 3,263 acres, is considered vacant by the County Assessor's Office.

An Economic Development Market Analysis of Eastern Loudoun County Office and Industrial Land was completed in April of 2004. The analysis included several key findings. The first was that Eastern Loudoun County had a large amount of land zoned for office and industrial uses of which about 1/3 of the acreage was developed. Further analysis revealed a trend toward under-development with a density of 0.14 FAR, well below the maximum allowed by the Zoning Ordinance. The 2004 Analysis also found that the developed density in the Route 28 Corridor was 0.24 FAR, consistent with a surface-parked 1 and 2-story development pattern.

If the commercial corridor remains underdeveloped, and Route 28 Corridor properties do not realize their full economic potential, then the overall County economic development strategy suffers and the corridor will not contribute to an improved revenue balance between commercial and residential development. Furthermore, underdevelopment will not help to further offset the greater costs of services for both residential development and capital facilities in Loudoun County.